

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 PM-07 NSC-07 SP-03 SS-20 RSC-01 L-03

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 7860

SECDEF WASHDC

C O N F I D E N T I A L TEHRAN 7034

E.O. 11652: GDS

TAGS: PARM, IR

SUBJECT: GRUMMAN FINANCING

1. FOREIGN MINISTER KHALATBARY SPOKE TO ME RECENTLY ABOUT THE CONTROVERSY THAT SEEMS TO HAVE DEVELOPED OVER GRUMMAN FINANCING. HE REFERRED TO APPARENTLY CONTRADICTORY STATEMENTS BEING MADE IN CONGRESS AND BY DOD PARTICULARLY WITH REFERENCE TO MATTER OF POSSIBLE IRANIAN LOANS TO GRUMMAN. HE ASKED FOR URGENT CLARIFICATION OF USG'S POSITION ON THIS MATTER AND EXPRESSED CONCERN THAT IF GRUMMAN WERE TO FALTER, THIS COULD ADVERSELY AFFECT DELIVERY OF F-14'S TO IRAN WHICH GOI CONSIDERED ABSOLUTELY ESSENTIAL TO ITS CONTINUING MILITARY MODERNIZATION PROGRAM.

2. WE HAVE DETERMINED THAT GRUMMAN PRESIDENT BIERWIRTH MET WITH GENERAL TOUFANIAN IN EARLY JULY (WITHOUT ADVANCE MAAG KNOWLEDGE OR PARTICIPATION) TO DISCUSS THE POSSIBILITY OF IRANIAN FINANCIAL ASSISTANCE BEYOND THAT AGREED TO DURING DOD/ASD:ISA/DSAA REP DAVID ALNE'S VISIT JUNE 8-10. APPARENTLY, BIERWIRTH SOUGHT A \$75 MILLION SUBORDINATED FOUR-YEAR LOAN FROM THE GOI, AND INDICATED HE WOULD SEEK AN ADDITIONAL \$125 MILLION REVOLVING LINE-OF-CREDIT FROM US BANKS. THE
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SHAH APPROVED EXTENSION OF A \$75 MILLION LOAN TO GRUMMAN

AND ARRANGEMENTS HAVE BEEN MADE FOR THE FUNDS TO COME FROM EITHER THE CENTRAL BANK OF IRAN OR BANK MELLI. GRUMMAN HAS NOT, HOWEVER, CONCLUDED ACTION ON THIS LOAN PRESUMABLY, ACCORDING TO GENERAL TOUFANIAN, BECAUSE OF THE CONTROVERSY THAT HAS ARISEN IN THE US OVER THIS MATTER. TOUFANIAN ADDED THAT THE GOI DID NOT WANT TO SEE GRUMMAN FAIL AND, IF NECESSARY, IT COULD PROBABLY ARRANGE FOR GRUMMAN TO GET AN ADDITIONAL \$125 MILLION LINE-OF-CREDIT FROM IRANIAN BANKS.

3. PLEASE ADVISE USG POSITION ON THIS MATTER ASAP.
HELMS

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NNN

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